



Dave Yost • Auditor of State

VILLAGE OF RIO GRANDE
GALLIA COUNTY

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GALLIA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Rio Grande
Gallia County
P.O. Box 343
Rio Grande, Ohio 45674

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rio Grande, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rio Grande, Gallia County, Ohio, as of December 31, 2010 and 2009, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General and Street Construction, Maintenance and Repair Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's Discussion and Analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.



Dave Yost
Auditor of State

July 21, 2011

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

The discussion and analysis of the Village of Rio Grande's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Village's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

Net assets of governmental activities decreased \$11,199 or 9.7 percent in 2010, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Police Department and Fire Department Capital Project Fund. The decrease was mainly due to the Village expending funds to renovate a Village garage.

Net assets of governmental activities decreased \$75,666 or 39.7 percent in 2009, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund. The increase was mainly due to increased wage costs due to salary increases and police department staffing.

The Village's general receipts from Governmental Activities are primarily municipal income taxes, grants, and entitlements not restricted to specific programs, which, for 2010, represent 69.0 percent and 19.8 percent of general receipts, respectively. In 2009, these receipts represent 70.9 percent and 19.1 percent of general receipts, respectively. The "Grants and Entitlements not Restricted to Specific Programs" accounts for the money we received as a local government distribution, local government revenue assistance, inheritance tax, cigarette tax, and liquor permit fees. Income tax monies received decreased between 2009 and 2010 due to decreases in the Village population and higher unemployment rates.

The cost of wages overall increased slightly from 2009 to 2010 because the Village increased certain wages relating to payroll, but also reduced the total hours worked by full time employees and implemented some wage cuts. The cost of wages overall increased from 2008 to 2009 because the Village continued to re-established its own police force.

The cost of health insurance decreased in 2010 because of renegotiated agreements with United Healthcare. In 2009, the cost of health insurance increased slightly due to increases in employee base.

The Village paid off the US Bank Water Bonds in 2009. The balance due on the loan was \$35,900 of which all was principal.

The Water Operating Fund gained \$30,624 during 2010, while the Sewer Operating Fund increased \$13,029 during 2010. The Sewer Debt Service Fund increased \$16,371 in 2010. The Water Fund did so well because of reductions in debt payments as debt is paid. The Sewer fund increased mainly due to changes in the percentage of wages, benefits, as well as increases in sewer rates. The Sewer Replacement Fund decreased \$636 during 2010 due to additional costs incurred as part of the renovation necessary to expand the sewer system to accommodate the addition of Green Elementary School.

The Water Operating Fund gained \$87,574 during 2009, while the Sewer Operating Fund decreased \$25,269 during 2009. The Sewer Debt Service Fund lost \$4,061 in 2009 due to debt payments exceeding the set income allocation. The Sewer Replacement Fund gained \$1,559 during 2009 due to slight reductions in maintenance costs incurred.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2010 and 2009, within the limitations of modified cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations, and the need for continued growth in the major local revenue sources such as income taxes.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

In the Statement of Net Assets and the Statement of Activities, the Village into two types of activities:

Governmental Activities

Most of the Village's basic services are reported here, including police, fire, streets, and parks. State and federal grants and income and taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities

The Village has two business-type activities, the provision and water and the provision of sewer services. Business-type activities are financed by a fee charged to the customers receiving the services.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds—not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statement in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance, and Repair Fund, and the Police and Fire Capital Projects Fund (2009 only). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds

When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The government has four enterprise funds, the Water Operating Fund, the Sewer Operating Fund, the Sewer Replacement Fund, and the Sewer Debt Service Fund (2009 only). When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 and 2008 on a modified cash basis.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

Table 1
Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Assets									
Cash	\$22,017	\$37,042	\$36,067	\$90,073	\$30,852	\$3,897	\$112,090	\$67,894	\$39,964
Investments	81,912	78,086	154,727	208,951	208,784	175,936	290,863	\$286,870	330,663
Total Assets	\$103,929	\$115,128	\$190,794	\$299,024	\$239,636	\$179,833	\$402,953	\$354,764	\$370,627
Net Assets:									
Restricted for:									
Capital Projects	\$12,678	\$31,339	\$34,000				\$12,678	\$31,339	\$34,000
Other Purposes	23,805	28,074	20,214				23,805	28,074	20,214
Unrestricted	67,446	55,715	136,580	\$299,024	\$239,636	\$179,833	366,470	295,351	316,413
Total Net Assets	\$103,929	\$115,128	\$190,794	\$299,024	\$239,636	\$179,833	\$402,953	\$354,764	\$370,627

Net assets of governmental activities decreased during 2010.

- Wages for Village employees increased slightly in 2010 because the Village had more police officers on the payroll, paid severance to the leaving Fiscal Officer, and increased the wage rate for one police officer.
- Health insurance costs decreased slightly in 2010 because of renegotiated rates in 2010 with United Healthcare.
- There has been a decrease in local tax receipts because of a decline in Village population and increasing unemployment rates due to the national economy

Net assets of governmental activities decreased during 2009.

- There has been a decrease in local tax receipts because of a decline in Village population and increasing unemployment rates due to the national economy. The decrease is also due to University of Rio Grande building on their campus in 2008 and when they brought in contractors, the contractors were subject to the local tax. Wages for Village employees increased in 2009 because the Village of Rio Grande continued to re-establish their own police force beginning in April of 2007.
- In 2009, the Village paid off one loans from US Bank

Net assets of the business-type activities increased in 2010 and 2009, mostly in the Water Operating Fund.

- The Water Operating Fund increased in 2009 and 2010 because the US Bank Trust Account for outstanding Village Mortgage Bonds was adequately funded and paid off the bonds without the Village making additional payments.

Table 2 reflects the changes in net assets on a modified cash basis in 2010, 2009 and 2008 for governmental activities, business-type activities, and total primary government.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

Table 2
Changes in Net Assets

	Governmental Activities			Business-Type Activities			Total		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Receipts									
Program Receipts:									
Charges for Services and Sales	\$57,716	\$47,677	\$39,735	\$495,256	\$388,485	\$377,559	\$552,972	\$436,162	\$417,294
Capital Grants and Contributions		\$8,000		\$92,000				8,000	
Operating Grants and Contributions	28,352	44,447	27,758				28,352	44,447	27,758
Total Program Receipts	86,068	100,124	67,493	587,256	388,485	377,559	673,324	488,609	445,052
General Receipts:									
Property Taxes	293	583	257				293	583	257
Income Taxes	207,861	215,239	214,560				207,861	215,239	214,560
Grants and Entitlements not									
Restricted to Specific Programs	59,704	57,895	67,504				59,704	57,895	67,504
Other Debt Proceeds			64,392			21,527	0		85,919
Sale of Fixed Assets			4,000				0		4,000
Other Local Taxes	3,988	3,900	3,671				3,988	3,900	3,671
Cable Franchise Fees	2,115	3,588	1,565				2,115	3,588	1,565
Interest	3,994	6,218	12,894				3,994	6,218	12,894
Miscellaneous	23,163	15,997	11,454	2,450	17,585	3,784	25,613	33,582	15,238
Total General Receipts	301,118	303,420	380,297	2,450	17,585	25,311	303,568	321,005	405,608
Total Receipts	387,186	403,544	447,790	589,706	406,070	402,870	976,892	809,614	850,660
Disbursements:									
General Government	115,924	134,383	145,941				115,924	134,383	145,941
Security of Persons and Property	185,063	240,334	228,460				185,063	240,334	228,460
Leisure Time Activities	1,530	1,726	857				1,530	1,726	857
Community Environment	156	380	568				156	380	568
Transportation	57,720	58,364	76,372				57,720	58,364	76,372
Capital Outlay	20,168	25,826	25,640				20,168	25,826	25,640
Principal Retirement	15,671	15,246	1,253				15,671	15,246	1,253
Interest and Fiscal Charges	2,153	2,951					2,153	2,951	
Water Operating				168,640	131,486	181,293	168,640	131,486	181,293
Sewer Operating				147,205	159,875	160,892	147,205	159,875	160,892
Sewer Debt Service				26,529	43,961	39,775	26,529	43,961	39,775
Sewer Replacement Fund				187,944	10,945	4,402	187,944	10,945	4,402
Total Disbursements	398,385	479,210	479,091	530,318	346,267	386,362	928,703	825,477	865,453
Increase (Decrease) in Net Assets	(11,199)	(75,666)	(31,301)	59,388	59,803	16,508	48,189	(15,863)	(14,793)
Net Assets, January 1	115,128	190,794	222,095	239,636	179,833	163,325	354,764	370,627	385,420
Net Assets, December 31	\$103,929	\$115,128	\$190,794	\$299,024	\$239,636	\$179,833	\$402,953	\$354,764	\$370,627

Program receipts for 2010 represent 68.9 percent of total receipts and are primarily comprised of charges for services. Program receipts for 2009 represent 60.4 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gasoline tax money for governmental activities and charges for services for business-type activities.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

General receipts represent 31.1 percent of the Village's total receipts in 2010. Of this amount, 68.5 percent are income taxes and 19.7 percent are grants and entitlements not restricted to specific programs. General receipts represent 39.6 percent of the Village's total receipts in 2009. Of this amount, 67.1 percent are income taxes and 18.0 percent are grants and entitlements not restricted to specific programs.

Disbursements for General Government represent the overhead cost of running the Village and the support services provided for the other Village activities. These include the costs of council, the fiscal officer, income tax departments, as well as internal services such as payroll, insurance and purchasing.

Security of Persons and Property are the costs of police and fire protection. Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. For 2010, the major program disbursements for governmental activities are for general government, security of persons and property, transportation and capital outlay which accounted for 29.1 percent, 46.4 percent, 14.5 percent, and 5.1 percent, respectively. For 2009, the major program disbursements for governmental activities are for general government, security of persons and property, transportation and capital outlay, representing 28.0 percent, 50.1 percent, 12.1 percent, and 5.4 percent, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2010	2009	2008	2010	2009	2008
General Government	\$115,924	\$134,383	\$145,941	\$111,796	\$131,633	\$142,941
Security of Persons and Property	185,063	240,334	228,460	135,902	175,604	197,301
Leisure Time Activities	1,530	1,726	857	(3,432)	(4,084)	(2,489)
Community Environment	156	380	568	(437)	53	(1,662)
Transportation	57,720	58,364	76,372	30,496	31,857	48,614
Capital Outlay	20,168	25,826	25,640	20,168	25,826	25,640
Principal Retirement	15,671	15,246	1,253	15,671	15,246	1,253
Interest and Fiscal Charges	2,153	2,951		2,153	2,951	
Total Disbursements	\$398,385	\$479,210	\$479,091	\$312,317	\$379,086	\$411,598

Business-type Activities

The water and sewer operations of the Village are expanding as more areas are annexed into the Village. The sewer plant is near maximum capacity and the Village has worked with Floyd Browne Group for engineering services to expand the current plant to keep up with the anticipated future flow. To date, program revenues have been adequate to cover the costs of operation for the Village's business-type activities.

VILLAGE OF RIO GRANDE
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
(Unaudited)

The Village's Funds

For 2010, total governmental funds had receipts of \$387,186 and disbursements of \$398,385. The greatest change within governmental funds occurred within the Police Department and Fire Department Capital Project Fund. This fund's balance decreased \$18,735 due to additional costs incurred by the Village pertaining to the renovation of a Village garage.

For 2009, total governmental funds had receipts of \$403,544 and disbursements of \$479,210. The greatest change within governmental funds occurred within the General Fund, which decreased \$80,865 due to increased wage costs due to salary increases and police department staffing.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General and Street Construction, Maintenance and Repair funds.

During 2010, the General Fund actual receipts fell short of budgeted receipts, while the Street Construction, Maintenance and Repair Fund's receipts were in line with estimated receipts. Additionally, actual expenditures in both funds did not exceed budgeted amounts in each fund.

For 2010, actual expenditures in the General Fund were \$309,592 while the final budgeted expenditures were \$349,726. Actual receipts in the General Fund were \$313,699 while final budgeted receipts were \$343,797.

During 2009, the General Fund actual receipts exceeded budgeted receipts, while the Street Construction, Maintenance and Repair Fund's receipts fell short of estimated receipts. Additionally, actual expenditures in both funds did not exceed budgeted amounts in each fund.

Debt Service

At December 31, 2010, the Village's outstanding debt totaled \$241,943. Of this amount, \$27,729 represented a governmental obligation relating to the 2008 purchase of a fire truck. The remaining \$214,214 represented business-type obligations relating to the construction and maintenance of the water and wastewater treatment plants. For further information regarding the Village's debt, see Note 10 to the financial statements.

Capital Assets

The Village uses the UAN Inventory Software to keep a listing of the capital expenditures.

Current Issues

The challenge for the Village is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on income taxes to support nearly all of the governmental operations.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Harrison, Fiscal Officer, Village of Rio Grande, 174 East College Street PO Box 343, Rio Grande, Ohio 45674.

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VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2010

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 103,929	\$ 299,024	\$ 402,953
<i>Total Assets</i>	<u>\$ 103,929</u>	<u>\$ 299,024</u>	<u>\$ 402,953</u>
Net Assets			
Restricted for:			
Capital Projects	\$ 12,678	\$	\$ 12,678
Other Purposes	23,805		23,805
Unrestricted	<u>67,446</u>	<u>299,024</u>	<u>366,470</u>
<i>Total Net Assets</i>	<u>\$ 103,929</u>	<u>\$ 299,024</u>	<u>\$ 402,953</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2010

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$185,063	\$48,033	\$1,128		(\$135,902)	\$0	(\$135,902)
Leisure Time Activities	1,530	4,962			3,432		3,432
Community Environment	156	593			437		437
Transportation	57,720		27,224		(30,496)		(30,496)
General Government	115,924	4,128			(111,796)		(111,796)
Capital Outlay	20,168				(20,168)		(20,168)
Debt Service:					0		0
Principal	15,671				(15,671)		(15,671)
Interest and Fiscal Charges	2,153				(2,153)		(2,153)
<i>Total Governmental Activities</i>	<u>398,385</u>	<u>57,716</u>	<u>28,352</u>	<u>0</u>	<u>(312,317)</u>	<u>0</u>	<u>(312,317)</u>
Business Type Activities							
Water Operating	168,640	197,556				28,916	28,916
Sewer Operating	147,205	159,492				12,287	12,287
Sewer Debt Service	26,529	42,900				16,371	16,371
Sewer Replacement Fund	187,944	95,308		92,000		(636)	(636)
<i>Total Business Type Activities</i>	<u>530,318</u>	<u>495,256</u>	<u>0</u>	<u>92,000</u>	<u>0</u>	<u>56,938</u>	<u>56,938</u>
<i>Total Primary Government</i>	<u>\$928,703</u>	<u>\$552,972</u>	<u>\$28,352</u>	<u>\$92,000</u>	<u>(312,317)</u>	<u>56,938</u>	<u>(255,379)</u>
General Receipts							
Property Taxes					293		293
Municipal Income Taxes					207,861		207,861
Other Taxes					3,988		3,988
Grants and Entitlements not Restricted to Specific Programs					59,704		59,704
Cable Franchise Fees					2,115		2,115
Earnings on Investments					3,994		3,994
Miscellaneous					23,163	2,450	25,613
<i>Total General Receipts</i>					301,118	2,450	303,568
Change in Net Assets					(11,199)	59,388	48,189
<i>Net Assets Beginning of Year</i>					115,128	239,636	354,764
<i>Net Assets End of Year</i>					<u>\$103,929</u>	<u>\$299,024</u>	<u>\$402,953</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2010

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$59,822	\$28,587	\$15,520	\$103,929
<i>Total Assets</i>	<u>\$59,822</u>	<u>\$28,587</u>	<u>\$15,520</u>	<u>\$103,929</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$28			\$28
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	59,794			59,794
Special Revenue Funds		\$28,587	\$718	29,305
Capital Projects Funds			14,802	14,802
<i>Total Fund Balances</i>	<u>\$59,822</u>	<u>\$28,587</u>	<u>\$15,520</u>	<u>\$103,929</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$4,120			\$4,120
Municipal Income Taxes	158,891	\$33,000	\$12,000	203,891
Intergovernmental	82,962	24,908	2,315	110,185
Charges for Services	43,096			43,096
Fines, Licenses and Permits	16,736			16,736
Earnings on Investments	3,994			3,994
Miscellaneous	3,900	1,264		5,164
<i>Total Receipts</i>	<u>313,699</u>	<u>59,172</u>	<u>14,315</u>	<u>387,186</u>
Disbursements				
Current:				
Security of Persons and Property	185,063			185,063
Leisure Time Activities	1,530			1,530
Community Environment	156			156
Transportation		53,207	4,513	57,720
General Government	115,924			115,924
Capital Outlay	6,292		13,876	20,168
Debt Service:				
Principal Retirement	627	2,120	12,924	15,671
Interest and Fiscal Charges	0	416	1,737	2,153
<i>Total Disbursements</i>	<u>309,592</u>	<u>55,743</u>	<u>33,050</u>	<u>398,385</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	4,107	3,429	(18,735)	(11,199)
<i>Fund Balances Beginning of Year</i>	<u>55,715</u>	<u>25,158</u>	<u>34,255</u>	<u>115,128</u>
<i>Fund Balances End of Year</i>	<u><u>\$59,822</u></u>	<u><u>\$28,587</u></u>	<u><u>\$15,520</u></u>	<u><u>\$103,929</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,141	\$6,558	\$4,120	(\$2,438)
Municipal Income Taxes	185,541	200,000	158,891	(41,109)
Intergovernmental	64,212	59,139	82,962	23,823
Charges for Services	31,324	40,400	43,096	2,696
Fines, Licenses and Permits	16,235	21,200	16,736	(4,464)
Earnings on Investments	40,928	7,500	3,994	(3,506)
Miscellaneous	4,416	9,000	3,900	(5,100)
<i>Total Receipts</i>	<u>343,797</u>	<u>343,797</u>	<u>313,699</u>	<u>(30,098)</u>
Disbursements				
Current:				
Security of Persons and Property	187,522	201,112	185,063	16,049
Leisure Time Activities	2,050	2,090	1,530	560
Community Environment	464	730	156	574
General Government	131,946	137,626	115,924	21,702
Capital Outlay	8,253	6,915	6,292	623
Debt Service:				
Principal Retirement		1,253	627	626
<i>Total Disbursements</i>	<u>330,235</u>	<u>349,726</u>	<u>309,592</u>	<u>40,134</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	13,562	(5,929)	4,107	(70,232)
<i>Fund Balance Beginning of Year</i>	<u>55,715</u>	<u>55,715</u>	<u>55,715</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$69,277</u>	<u>\$49,786</u>	<u>\$59,822</u>	<u>(\$70,232)</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$33,000	\$33,000	\$33,000	\$0
Intergovernmental	25,500	24,908	24,908	0
Miscellaneous		1,264	1,264	0
<i>Total Receipts</i>	<u>58,500</u>	<u>59,172</u>	<u>59,172</u>	<u>0</u>
Disbursements				
Current:				
Transportation	59,809	61,049	53,207	7,842
Capital Outlay	100			0
Debt Service:				
Principal Retirement	2,121	2,121	2,120	1
Interest and Fiscal Charges	418	416	416	0
<i>Total Disbursements</i>	<u>62,448</u>	<u>63,586</u>	<u>55,743</u>	<u>7,843</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,948)	(4,414)	3,429	(7,843)
<i>Fund Balance Beginning of Year</i>	<u>25,158</u>	<u>25,158</u>	<u>25,158</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$21,210</u>	<u>\$20,744</u>	<u>\$28,587</u>	<u>(\$7,843)</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2010

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Replacement</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	<u>\$175,751</u>	<u>\$25,683</u>	<u>\$65,529</u>	<u>\$32,061</u>	<u>\$299,024</u>
<i>Total Assets</i>	<u><u>\$175,751</u></u>	<u><u>\$25,683</u></u>	<u><u>\$65,529</u></u>	<u><u>\$32,061</u></u>	<u><u>\$299,024</u></u>
Net Assets					
Unrestricted	<u>\$175,751</u>	<u>\$25,683</u>	<u>\$65,529</u>	<u>\$32,061</u>	<u>\$299,024</u>
<i>Total Net Assets</i>	<u><u>\$175,751</u></u>	<u><u>\$25,683</u></u>	<u><u>\$65,529</u></u>	<u><u>\$32,061</u></u>	<u><u>\$299,024</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
*Statement of Cash Receipts, Expenses and
Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010*

	Water Operating	Sewer Operating	Sewer Replacement	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$197,556	\$159,492	\$95,308	\$42,900	\$495,256
<i>Total Operating Receipts</i>	<u>197,556</u>	<u>159,492</u>	<u>95,308</u>	<u>42,900</u>	<u>495,256</u>
Operating Expenses					
Personal Services	40,831	45,183			86,014
Employee Fringe Benefits	31,061	30,401			61,462
Contractual Services	5,393	47,605			52,998
Supplies and Materials	11,216	19,616			30,832
Other	77,056	4,400	183,274		264,730
<i>Total Operating Expenses</i>	<u>165,557</u>	<u>147,205</u>	<u>183,274</u>	<u>0</u>	<u>496,036</u>
<i>Operating Income (Loss)</i>	<u>31,999</u>	<u>12,287</u>	<u>(87,966)</u>	<u>42,900</u>	<u>(780)</u>
Non-Operating Receipts (Expenses)					
Intergovernmental			92,000		92,000
Miscellaneous Receipts	1,708	742			2,450
Capital Outlay			(4,670)		(4,670)
Principal Payments	(2,667)			(25,303)	(27,970)
Interest and Fiscal Charges	(416)			(1,226)	(1,642)
<i>Total Non-Operating Receipts (Expenses)</i>	<u>(1,375)</u>	<u>742</u>	<u>87,330</u>	<u>(26,529)</u>	<u>60,168</u>
<i>Change in Net Assets</i>	30,624	13,029	(636)	16,371	59,388
<i>Net Assets Beginning of Year</i>	<u>145,127</u>	<u>12,654</u>	<u>66,165</u>	<u>15,690</u>	<u>239,636</u>
<i>Net Assets End of Year</i>	<u>\$175,751</u>	<u>\$25,683</u>	<u>\$65,529</u>	<u>\$32,061</u>	<u>\$299,024</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$779</u>
<i>Total Assets</i>	<u><u>\$779</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$779</u>
<i>Total Net Assets</i>	<u><u>\$779</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2009

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 115,128	\$ 239,636	\$ 354,764
<i>Total Assets</i>	<u>\$ 115,128</u>	<u>\$ 239,636</u>	<u>\$ 354,764</u>
 Net Assets			
Restricted for:			
Capital Projects	\$ 31,339	\$	\$ 31,339
Other Purposes	28,074		28,074
Unrestricted	<u>55,715</u>	<u>239,636</u>	<u>295,351</u>
<i>Total Net Assets</i>	<u>\$ 115,128</u>	<u>\$ 239,636</u>	<u>\$ 354,764</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2009

	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$240,334	\$38,790	\$17,940	\$8,000	(\$175,604)	\$0	(\$175,604)
Leisure Time Activities	1,726	5,810			4,084		4,084
Community Environment	380	327			(53)		(53)
Transportation	58,364		26,507		(31,857)		(31,857)
General Government	134,383	2,750			(131,633)		(131,633)
Capital Outlay	25,826				(25,826)		(25,826)
Debt Service:					0		0
Principal	15,246				(15,246)		(15,246)
Interest and Fiscal Charges	2,951				(2,951)		(2,951)
<i>Total Governmental Activities</i>	<u>479,210</u>	<u>47,677</u>	<u>44,447</u>	<u>8,000</u>	<u>(379,086)</u>	<u>0</u>	<u>(379,086)</u>
Business Type Activities							
Water Operating	131,486	202,353				70,867	70,867
Sewer Operating	159,875	133,728				(26,147)	(26,147)
Sewer Debt Service	43,961	39,900				(4,061)	(4,061)
Sewer Replacement Fund	10,945	12,504				1,559	1,559
<i>Total Business Type Activities</i>	<u>346,267</u>	<u>388,485</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,218</u>	<u>42,218</u>
<i>Total Primary Government</i>	<u>\$825,477</u>	<u>\$436,162</u>	<u>\$44,447</u>	<u>\$8,000</u>	<u>(379,086)</u>	<u>42,218</u>	<u>(336,868)</u>
General Receipts							
Property Taxes					583		583
Municipal Income Taxes					215,239		215,239
Other Taxes					3,900		3,900
Grants and Entitlements not Restricted to Specific Programs					57,895		57,895
Cable Franchise Fees					3,588		3,588
Earnings on Investments					6,218		6,218
Miscellaneous					15,997	17,585	33,582
<i>Total General Receipts</i>					<u>303,420</u>	<u>17,585</u>	<u>321,005</u>
Change in Net Assets					(75,666)	59,803	(15,863)
<i>Net Assets Beginning of Year</i>					<u>190,794</u>	<u>179,833</u>	<u>370,627</u>
<i>Net Assets End of Year</i>					<u>\$115,128</u>	<u>\$239,636</u>	<u>\$354,764</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2009

	General	Street Construction, Maintenance and Repair	Police and Fire Departments Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$55,715	\$25,158	\$31,339	\$2,916	\$115,128
<i>Total Assets</i>	<u>\$55,715</u>	<u>\$25,158</u>	<u>\$31,339</u>	<u>\$2,916</u>	<u>\$115,128</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	55,715				\$55,715
Special Revenue Funds		\$25,158		\$2,916	28,074
Capital Projects Funds			\$31,339		31,339
<i>Total Fund Balances</i>	<u>\$55,715</u>	<u>\$25,158</u>	<u>\$31,339</u>	<u>\$2,916</u>	<u>\$115,128</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street Construction, Maintenance and Repair	Police and Fire Departments Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$4,483				\$4,483
Municipal Income Taxes	161,239	\$42,000	\$12,000		215,239
Intergovernmental	83,335	24,519		\$1,988	109,842
Charges for Services	43,322				43,322
Fines, Licenses and Permits	7,943				7,943
Earnings on Investments	6,218				6,218
Miscellaneous	16,497				16,497
<i>Total Receipts</i>	<u>323,037</u>	<u>66,519</u>	<u>12,000</u>	<u>1,988</u>	<u>403,544</u>
Disbursements					
Current:					
Security of Persons and Property	240,334				240,334
Leisure Time Activities	1,726				1,726
Community Environment	380				380
Transportation		56,774		1,590	58,364
General Government	134,383				134,383
Capital Outlay	25,826				25,826
Debt Service:					
Principal Retirement	1,253	1,799	12,194		15,246
Interest and Fiscal Charges		484	2,467		2,951
<i>Total Disbursements</i>	<u>403,902</u>	<u>59,057</u>	<u>14,661</u>	<u>1,590</u>	<u>479,210</u>
<i>Net Change in Fund Balances</i>	(80,865)	7,462	(2,661)	398	(75,666)
<i>Fund Balances Beginning of Year</i>	<u>136,580</u>	<u>17,696</u>	<u>34,000</u>	<u>2,518</u>	<u>190,794</u>
<i>Fund Balances End of Year</i>	<u><u>\$55,715</u></u>	<u><u>\$25,158</u></u>	<u><u>\$31,339</u></u>	<u><u>\$2,916</u></u>	<u><u>\$115,128</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$1,045	\$936	\$4,483	\$3,547
Municipal Income Taxes	190,000	170,071	161,239	(\$8,832)
Intergovernmental	69,521	62,229	83,335	\$21,106
Charges for Services	28,700	25,690	43,322	\$17,632
Fines, Licenses and Permits	14,875	13,315	7,943	(\$5,372)
Earnings on Investments	37,500	33,567	6,218	(\$27,349)
Miscellaneous	10,546	9,440	16,497	\$7,057
<i>Total Receipts</i>	<u>352,187</u>	<u>315,248</u>	<u>323,037</u>	<u>7,789</u>
Disbursements				
Current:				
Security of Persons and Property	272,039	271,983	240,334	31,649
Leisure Time Activities	2,300	2,174	1,726	448
Community Environment	1,345	1,199	380	819
General Government	169,168	142,320	134,383	7,937
Capital Outlay	25,651	29,321	25,826	3,495
Debt Service:				
Principal Retirement	13,446	1,253	1,253	0
Interest and Fiscal Charges	2,468			0
<i>Total Disbursements</i>	<u>486,417</u>	<u>448,250</u>	<u>403,902</u>	<u>44,348</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(134,230)	(133,002)	(80,865)	(36,559)
<i>Fund Balance Beginning of Year</i>	135,785	135,785	135,785	0
Prior Year Encumbrances Appropriated	795	795	795	0
<i>Fund Balance End of Year</i>	<u>\$2,350</u>	<u>\$3,578</u>	<u>\$55,715</u>	<u>(\$36,559)</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Street Construction, Maintenance and Repair Fund
 For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Municipal Income Taxes	\$42,000	\$42,000	\$42,000	\$0
Intergovernmental	25,300	25,300	24,519	(781)
<i>Total Receipts</i>	<u>67,300</u>	<u>67,300</u>	<u>66,519</u>	<u>(781)</u>
Disbursements				
Current:				
Transportation	79,217	79,197	56,774	22,423
Debt Service:				
Principal Retirement	1,817	1,817	1,799	18
Interest and Fiscal Charges	466	486	484	2
<i>Total Disbursements</i>	<u>81,500</u>	<u>81,500</u>	<u>59,057</u>	<u>22,443</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(14,200)	(14,200)	7,462	21,662
<i>Fund Balance Beginning of Year</i>	<u>17,696</u>	<u>17,696</u>	<u>17,696</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,496</u>	<u>\$3,496</u>	<u>\$25,158</u>	<u>\$21,662</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2009

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Sewer Debt Service</u>	<u>Sewer Replacement</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	<u>\$145,127</u>	<u>\$12,654</u>	<u>\$1,557</u>	<u>\$66,165</u>	<u>\$14,133</u>	<u>\$239,636</u>
<i>Total Assets</i>	<u><u>\$145,127</u></u>	<u><u>\$12,654</u></u>	<u><u>\$1,557</u></u>	<u><u>\$66,165</u></u>	<u><u>\$14,133</u></u>	<u><u>\$239,636</u></u>
Net Assets						
Unrestricted	<u>\$145,127</u>	<u>\$12,654</u>	<u>\$1,557</u>	<u>\$66,165</u>	<u>\$14,133</u>	<u>\$239,636</u>
<i>Total Net Assets</i>	<u><u>\$145,127</u></u>	<u><u>\$12,654</u></u>	<u><u>\$1,557</u></u>	<u><u>\$66,165</u></u>	<u><u>\$14,133</u></u>	<u><u>\$239,636</u></u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
*Statement of Cash Receipts, Expenses and
Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009*

	Water Operating	Sewer Operating	Sewer Debt Service	Sewer Replacement	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts						
Charges for Services	\$202,353	\$133,728	\$39,900	\$12,504	\$0	\$388,485
<i>Total Operating Receipts</i>	<u>202,353</u>	<u>133,728</u>	<u>39,900</u>	<u>12,504</u>	<u>0</u>	<u>388,485</u>
Operating Expenses						
Personal Services	27,541	51,156				78,697
Employee Fringe Benefits	23,276	33,215				56,491
Contractual Services	6,234	52,476				58,710
Supplies and Materials	10,702	16,152				26,854
Other	58,065	6,876		1,175		66,116
<i>Total Operating Expenses</i>	<u>125,818</u>	<u>159,875</u>	<u>0</u>	<u>1,175</u>	<u>0</u>	<u>286,868</u>
<i>Operating Income (Loss)</i>	<u>76,535</u>	<u>(26,147)</u>	<u>39,900</u>	<u>11,329</u>	<u>0</u>	<u>101,617</u>
Non-Operating Receipts (Expenses)						
Miscellaneous Receipts	16,707	878				17,585
Capital Outlay	(3,433)			(9,770)		(13,203)
Principal Payments	(1,993)		(42,103)			(44,096)
Interest and Fiscal Charges	(242)		(1,858)			(2,100)
<i>Total Non-Operating Receipts (Expenses)</i>	<u>11,039</u>	<u>878</u>	<u>(43,961)</u>	<u>(9,770)</u>	<u>0</u>	<u>(41,814)</u>
<i>Change in Net Assets</i>	87,574	(25,269)	(4,061)	1,559	0	59,803
<i>Net Assets Beginning of Year</i>	<u>57,553</u>	<u>37,923</u>	<u>5,618</u>	<u>64,606</u>	<u>14,133</u>	<u>179,833</u>
<i>Net Assets End of Year</i>	<u>\$145,127</u>	<u>\$12,654</u>	<u>\$1,557</u>	<u>\$66,165</u>	<u>\$14,133</u>	<u>\$239,636</u>

See accompanying notes to the basic financial statements.

VILLAGE OF RIO GRANDE, GALLIA COUNTY
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,452</u>
<i>Total Assets</i>	<u><u>\$1,452</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$1,452</u>
<i>Total Net Assets</i>	<u><u>\$1,452</u></u>

See accompanying notes to the basic financial statements.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Reporting Entity

The Village of Rio Grande, Gallia County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected for four-year terms and a three-member Board of Public Affairs elected for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Council appoints one Council member to serve as the Council President.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village, and are significant in amount to the Village. The Village does not have any component units.

C. Public Entity Risk Pools

The Village participates in two public entity risk pools. Note 7 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pools:

The Village participates in the Public Entities Pool of Ohio, or PEP. PEP is a government risk pool working to alleviate the extreme changes in the availability of insurance coverage and the cost of premiums for insurance. PEP provides casualty and property insurance coverage for member entities.

The Village also participates in the Ohio Municipal League (OML) Worker's Compensation Group Rating Program. The OML retains the services of a Group Administrator and that Group Administrator performs the claims administration, actuarial cost control, and the consulting services for participants.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information to the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance and Repair Fund, and for 2009 only, the Police and Fire Capital Projects Fund.

General Fund - This fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets. This fund also receives income tax money from the General Fund each month.

Police and Fire Departments Capital Projects Fund - This fund receives \$1,000 per month in income tax money for the purpose of purchasing a fire truck and a police cruiser.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Operating Fund, the Sewer Operating Fund, the Sewer Replacement Fund and, for 2009 only, the Sewer Debt Service Fund.

Water Operating Fund - This fund receives charges for services from residents and commercial users to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents and commercial users to cover sewer service costs.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Sewer Replacement Fund - This fund was established to account for payment on the Village's sewer replacement costs. This fund receives a portion of the charges for sewer services.

Sewer Debt Service Fund - This fund was established to account for payment on the Village's sewer debt. This fund receives a portion of the charges for sewer services.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments, which are not available to support the Village's own programs. The Village does not have any private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only agency fund accounts are for Unclaimed Funds and the Mayor's Court.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section of this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department and object level for all funds.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2, Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificates of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2010 and 2009, the Village invested in nonnegotiable certificates of deposit and STAR-Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2010 and 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. The total interest receipts credited to the General Fund for 2010 and 2009 were \$3,994 and \$6,218 respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

2, Summary of Significant Accounting Policies (Continued)

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Resolution 2005-22: Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Fire Truck required the Village to deposit \$10,000 of income tax monies per year into the Capital Projects Fund beginning in 2006, for the next five years, ending on December 31, 2010.

Resolution 2006-16: Resolution to Amend Resolution 2005-22 increased the required annual deposit of income taxes into the Capital Projects Fund from \$10,000 beginning in 2007 to \$12,000. This will continue through December 31, 2010.

Resolution 2008-25: Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Police Cruiser stated that the Village would deposit \$500 of income tax money per month into the Capital Projects Fund beginning October 2008 and continuing through October of 2013.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

2. Summary of Significant Accounting Policies (Continued)

L. Net Assets (Continued)

Resolution 2008-26: *Resolution to Amend Resolution 2006-16* changed the amount of income tax monies to be deposited for the Fire Department from \$10,000 in 2006 and \$12,000 in 2007 through 2010 to \$10,000 in 2006, \$12,000 in 2007, \$10,500 in 2008, and \$6,000 in 2009 and 2010.

Resolution 2009-12: *Resolution to Amend Resolution 2008-26, A Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Fire Truck*, amended Resolution 2008-26 in that one capital projects fund would account for both the purchase of a fire truck and the police cruiser.

Resolution 2009-13, *Resolution to Amend Resolution 2008-25, A Resolution to Establish a Capital Projects Fund for the Purpose of Purchasing a Police Cruiser*, amended Resolution 2008-25 in that one capital projects fund would account for both the purchase of a police cruiser and the fire truck.

On December 31, 2010, the Capital Projects Fund had \$12,678 available.

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of the fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in the proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

3. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balances-Budget and Actual-Budgetary Basis presented for the General, Street Construction, Maintenance, and Repair and Police and Fire Capital Projects Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is the outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). Encumbrances outstanding at year-end were \$28 and \$0 in the General Fund for 2010 and 2009, respectively.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of Ohio Rev. Code Section 135.18 and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Deposits and Investments (Continued)

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions as set forth in the Village's investment policy. The Village is also permitted to invest in STAROhio in addition to the financial institutions listed in the Village's investment policy.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. All of the Village's bank balances were covered by federal depository insurance or collateralized.

Investments

The Village Council adopted an investment policy and procedures manual on April 10, 2006. The Village's investment policy addresses interest rate risk to the extent that it allows the Fiscal Officer to invest funds to a maximum maturity of five years for the interest rate that will yield the most interest for the Village. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation of debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity.

STAROhio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard setting service.

5. Income Taxes

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 100 percent of the 1 percent tax rate on taxable income.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Proceeds from the Income Tax are credited to the General, Street Construction, Maintenance and Repair and the Police and Fire Capital Projects Funds.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real Property Tax received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value: public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes, which became a lien on December 31, are levied after October 1, and will be collected in 2011 with real property taxes.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxed received in 2010 were levied after October 1, on the true value as of December 31. Tangible personal property assessments are being phased out- the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent in 2008, and zero for 2009. Payments paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the years ended December 31, 2010 and 2009, was 5.2 mills of assessed value. The assessed values of real property, public utility property, and tangible personal property for 2010 and 2009 were are as follows:

	<u>2010</u>	<u>2009</u>
Real Property		
Residential/Agricultural	\$5,504,790	\$5,029,780
Tangible Personal Property	22,840	76380
Public Utility	522,100	487550
Total Assessed Value	\$6,049,730	\$5,593,710

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits the Village its portion of taxes collected.

7. Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The Village also participates in the Ohio Municipal League (OML) Workers' Compensation Group Rating Program.

The OML, as the sponsoring organization, has retained the services of CompManagement as its Group Administrator to perform claims administration, actuarial costs control, and consulting services for participants. Each year, the Village pays an enrollment fee to the Group Rating Program to cover the costs of administering the program.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$14,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
14,672.74	13,985.96

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 17.87 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continues)

The Village's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$50,787, \$47,284, and \$43,236, respectively; 100% percent has been contributed for 2010.

Ohio Police And Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for full-time police officers.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The Village's contributions to OP&F for the police chief's pension for the years ended December 31, 2010, 2009 and 2008 were \$3,715, \$11,132 and \$7,425, respectively. The full amount has been contributed for 2010, 2009 and 2008.

9. Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report, which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$12,432, \$10,343, and \$12,619, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six-year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F that were allocated to fund post-employment health care benefits for police and firefighters were \$850 for the year ended December 31, 2010, \$2,547 for the year ended December 31, 2009, and \$1,698 for the year ended December 31, 2008. The full amount has been contributed for 2010, 2009, and 2008.

10. Long-Term Obligations

The Village's long-term debt activity for the year ended December 31, 2009 was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental-Type Activities</u>						
Ohio Valley Bank- Fire Truck	4.59%	\$ 52,800	\$0	\$ 12,193	\$ 40,607	\$ 13,527
Total Governmental Activities		<u>\$ 52,800</u>	<u>\$0</u>	<u>\$ 12,193</u>	<u>\$ 40,607</u>	<u>\$ 13,527</u>
<u>Business-Type Activities</u>						
U.S. Bank Water Bonds	6.75%	\$35,900	\$0	\$35,900	\$0	\$0
OWDA Sewer Loan #2490	2.20%	45,917	0	7,240	38,677	7,401
OPWC Sewer Loan #CO526	0.00%	203,087	0	31,244	171,843	31,244
OPWC Infrastructure Loan #CT53E	0.00%	26,666	0	2,666	24,000	2,667
Ohio Valley Bank- Maintenance Truck	4.80%	33,419	0	6,057	27,362	6,356
Total Business-Type Activities		<u>\$ 344,989</u>	<u>\$0</u>	<u>\$ 83,107</u>	<u>\$ 261,882</u>	<u>\$ 47,668</u>

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

10. Long-Term Obligations (Continued)

The Village's long-term debt activity for the year ended December 31, 2010 was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental-Type Activities</u>						
Ohio Valley Bank- Fire Truck	4.59%	\$ 40,607	\$0	\$ 12,878	\$ 27,729	\$ 13,527
Total Governmental Activities		<u>\$ 40,607</u>	<u>\$0</u>	<u>\$ 12,878</u>	<u>\$ 27,729</u>	<u>\$ 13,527</u>
<u>Business-Type Activities</u>						
OWDA Sewer Loan #2490	2.20%	38,677	0	7,401	31,276	7,564
OPWC Sewer Loan #CO526	0.00%	171,843	0	31,244	140,599	31,244
OPWC Infrastructure Loan #CT53E	0.00%	24,000	0	2,667	21,333	2,667
Ohio Valley Bank- Maintenance Truck	4.80%	27,362	0	6,356	21,006	6,669
Total Business-Type Activities		<u>\$ 261,882</u>	<u>\$0</u>	<u>\$ 47,668</u>	<u>\$ 214,214</u>	<u>\$ 48,144</u>

The Ohio Water Development Authority (OWDA) loan #2490 relates to a water and sewer plant pollution control project that was mandated by the Ohio Environmental Protection Agency. Upon completion of the project, the loan amount was finalized for \$132,278 in 1999. The loan will be repaid in semi-annual installments of \$4,105.50 including interest, over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CO526 was issued in 1994, interest free, for the purpose of making improvements at the water treatment plant. This loan will be repaid in semi-annual installments of \$15,622.03 over 20 years. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The 1994 Water Mortgage Revenue Bonds were issued for the purpose of improving the Village's water system. Monthly payments were made to the trustee in the amount of 1/12 of the scheduled succeeding years principal plus 1/12 of the succeeding years interest, less 1/12 of any excess funds remaining in the trustees Bond account at the end of the preceding years. Interest payments were made by the Trustee semi-annually and principal payments were made by the Trustee annually. The Village set utility rates sufficient to cover the bonds debt service requirement. The bonds were secured by a mortgage on the water plant. These bonds were completely retired at December 31, 2009.

The Ohio Public Works Commission (OPWC) loan #CT53E was issued in 2004, interest free, for the purpose of upgrading the water treatment facility. The loan will be repaid in semi-annual installments of \$1,333.33 over a 15-year term.

In 2008, the Village of Rio Grande Fire Department located a used 1986 fire truck. The Village obtained a loan from Ohio Valley Bank for this fire truck in July 2008, with the first payment due February 2009. The Loan Amount of \$52,800 is to be paid in semi-annual payments with an interest rate of 4.59 percent over the next four years.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

10. Long-Term Obligations (Continued)

The Village obtained a loan for a maintenance truck from Ohio Valley Bank in the amount of \$33,419 in October 2008. The first payment will be due in April 2009. The loan has an interest rate of 4.8 percent and will be paid in semi-annual payments over five years.

Amortization of the above debt including interest is scheduled as follows:

Year	Ohio Valley Bank - Fire Truck Loan		OWDA Sewer Loan #2490		OWDA Sewer Loan #CO526	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$13,527	\$1,134	\$7,564	\$647	\$31,244	\$0
2012	14,202	499	7,732	479	31,244	0
2013			7,903	308	31,244	0
2014			8,077	134	31,244	0
2015					15,623	0
2016-2018						
Totals	\$27,729	\$1,633	\$31,276	\$1,568	\$140,599	\$0

Year	OPWC Infrastructure Loan #CT53E		Ohio Valley Bank - Maintenance Truck Loan	
	Principal	Interest	Principal	Interest
2011	\$2,667	\$0	\$6,669	\$942
2012	2,667	0	6,995	615
2013	2,667	0	7,342	269
2014	2,667			
2015	2,667			
2016-2018	7,998			
Totals	\$21,333	\$0	\$21,006	\$1,826

The Ohio Revised Code provides that the net general obligation debt of the Village, exclusive of certain exempt debt issued without a vote of the electors shall never exceed 5.5 percent of tax valuation of the Village. The Ohio Revised Code further provides that the total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The Village's legal debt margin was \$578,003 in 2010.

11. Related Party Transactions

The Village Water Supervisor rents a Village-owned house for \$250 per month. Throughout 2009 and 2010, rental payments were paid at lesser amounts. At December 31, 2010, rent was \$750 in arrears. This arrearage and subsequent rental payments are current as of the date of this report.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Rio Grande
Gallia County
P.O. Box 343
Rio Grande, Ohio 45674

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Rio Grande, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 21, 2011, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio Governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2010-02 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 21, 2011.

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

July 21, 2011

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2009, 27.3 percent of the disbursement transactions tested were not properly certified. Also, during 2010, 27.3 percent of the disbursement transactions tested were not properly certified.

The Village did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

**VILLAGE OF RIO GRANDE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-01 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Official's Response:

FINDING NUMBER 2010-02

Material Weakness- Financial Reporting

Sound financial reporting is the responsibility of the Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the 2009 financial statements had the following errors that required audit adjustment or reclassification:

- General Government Expenses were reduced by \$715 Net Assets at the Beginning of the Year was increased by \$715 in the General Fund and Governmental Activities to agree beginning balance amounts to the prior year audited report.
- The General Fund Budgetary Statement amounts were adjusted to reflect formally adopted amounts as follows: Final Budgeted Property and Local Taxes Receipts were decreased by \$110 to agree to the approved Certificate of Estimated Resources. Final Budgeted Municipal Income Tax Receipts were decreased by \$19,929. Final Budgeted Intergovernmental Receipts were decreased by \$7,292. Final Budgeted Charges for Services Receipts were decreased by \$3,010. Final Budgeted Fines, Licenses, and Permits Receipts were decreased by \$1,560. Final Budgeted Earnings on Investment Receipts were decreased by \$3,933. Final Budgeted Miscellaneous Receipts were decreased by \$1,106.

VILLAGE OF RIO GRANDE
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-02 (Continued)

Material Weakness- Financial Reporting (Continued)

As a result of the audit procedures performed, the 2010 financial statements had the following errors that required audit adjustment or reclassification:

- The Mayor's Court Fund (Agency Fund) balance was reduced by \$673 due to unrecorded receipts relating to Fines and Fees of \$13,524 and unrecorded General Government Expenditures of \$14,197.
- Charges for Service in the amount of \$3,500 were reclassified from the Sewer Operating Fund to the Enterprise Debt Service Fund to satisfy approved Village Council Resolutions.
- The Original Budgeted Municipal Income Tax Receipts were increased by \$2,000 and Original Budgeted Intergovernmental Receipts were increased by \$5,500 to agree to the approved Certificate of Estimated Resources in the Street Construction, Maintenance and Repair Fund.
- Community Development Block Grant proceeds of \$92,000 were reclassified from Special Assessments to Intergovernmental Receipts in the Sewer Replacement Fund.
- Charges for Service in the amount of \$6,252 were reclassified from the Sewer Operating Fund to the Other Enterprise Service Fund.
- Unrecorded intergovernmental receipts totaling \$1,000 and \$1,436 of unrecorded Security of Persons and Property disbursements were recorded as Governmental Activities and in the General Fund. As a result, unrestricted net assets also decreased by \$436.
- General Fund receipts of \$19,126 relating to Law Enforcement and Justice Assistance Grants, as well as a Nature Works Grant, were reclassified from Miscellaneous Receipts to Intergovernmental Receipts. General Fund receipts of \$4,131 relating to Homestead and Rollback, Undivided Local Government and Tangible Person Property Tax Reimbursements were reclassified from Property and Other Local Taxes to Intergovernmental Receipts.
- Municipal Income Tax Receipts totaling \$5,500 were reclassified from the General Fund to the Street Construction, Maintenance and Repair Fund to satisfy approved Village Council Resolutions.
- Municipal Income Tax Receipts totaling \$2,124 were reclassified from the General Fund to the Police and Fire Department(s) Capital Projects Fund to satisfy approved Village Council Resolutions.
- The General Fund Budgetary Statement amounts were adjusted to reflect formally adopted amounts as follows: The Original Budgeted Property and Local Taxes Receipts were increased by \$96 to agree to the approved Certificate of Estimated Resources. Original Budgeted Municipal Income Tax Receipts were increased by \$15,541. Original Budgeted Intergovernmental Receipts were increased by \$5,379. Original Budgeted Charges for Services Receipts were increased by \$2,624. Original Budgeted Fines, Licenses, and Permits Receipts were increased by \$1,360. Original Budgeted Earnings on Investment Receipts were increased by \$3,428. Original Budgeted Miscellaneous Receipts were increased by \$370.

To ensure the Village Council's financial statements and notes to the financial statements are complete and accurate, the Village Council should adopt policies and procedures, including a final review of the statements and notes by the Village Council to identify and correct errors or omissions.

Official's Response:

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VILLAGE OF RIO GRANDE

GALLIA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 2, 2011